

BENEFITS OF CDP DISCLOSURE

16 May 2023

SPEAKERS



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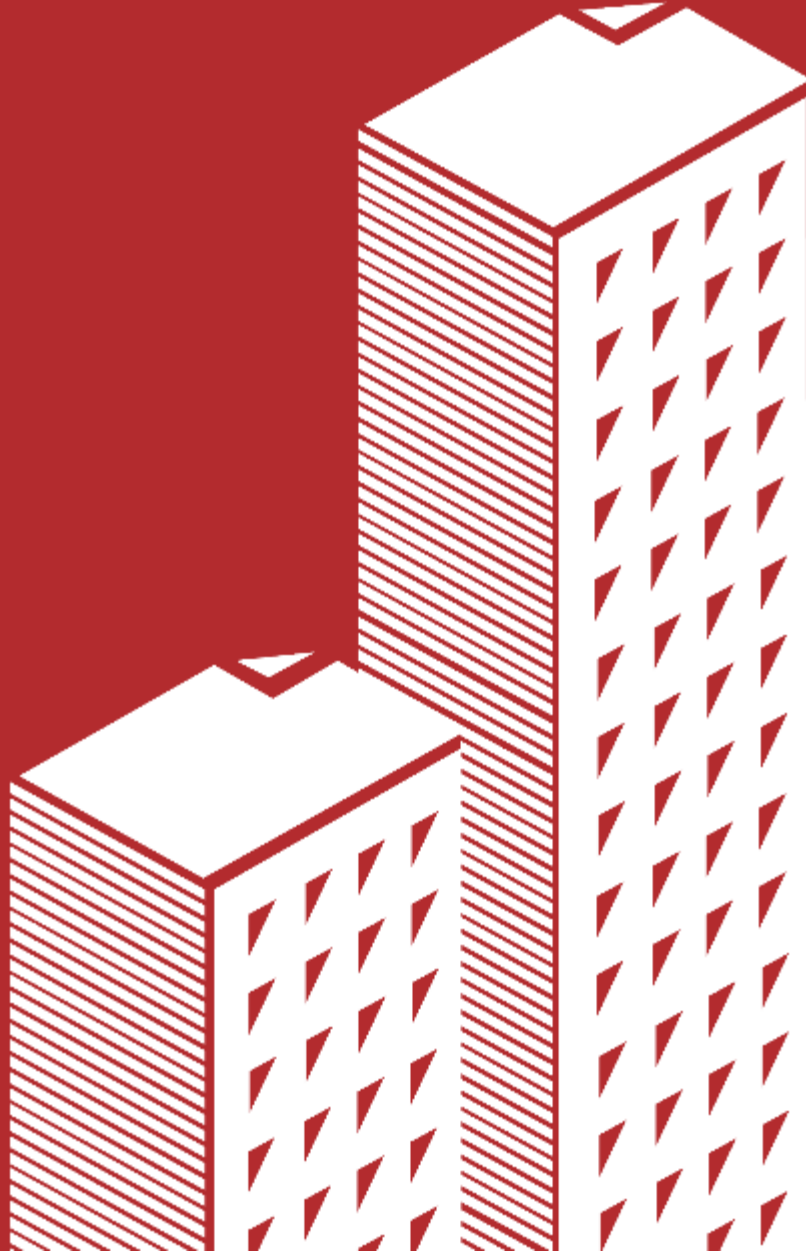
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AGENDA

- ▼ **Introduction to CDP**
- ▼ **Strengthen stakeholder communication**
- ▼ **Get ahead of the curve on regulation**
- ▼ **Guide your environmental strategy**
- ▼ **Benchmark and guide your progress**
- ▼ **Q&A**



INTRODUCTION TO CDP

CDP'S VISION & MISSION



To see a thriving economy that works for people and planet in the long term.



To focus investors, companies, cities and governments on building a sustainable economy by measuring and acting on their environmental impact.



ABOUT CDP



CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.



With the world's most comprehensive collection of self-reported data, the world's economy looks to CDP as the gold standard of environmental reporting.



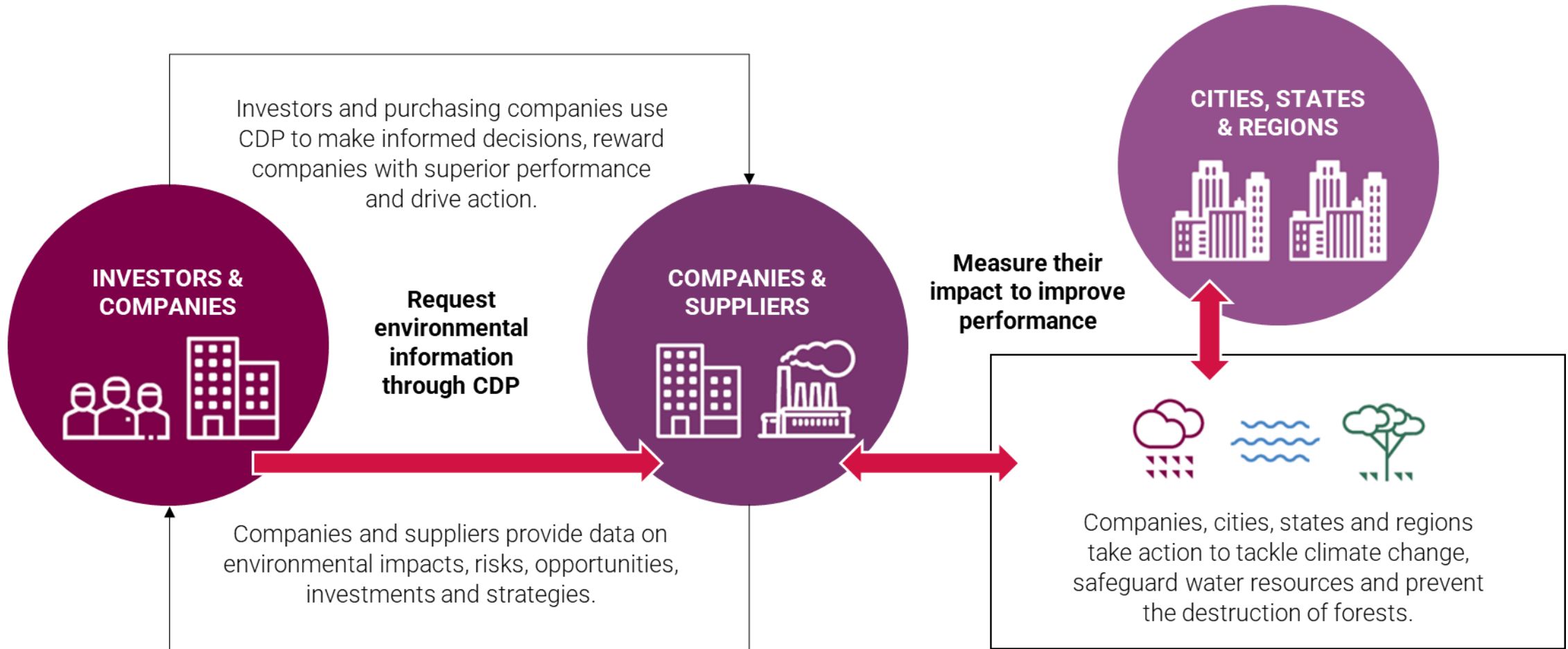
Our network of capital markets, purchasers and policymakers around the globe use our data and insights to make better-informed decisions.

CDP AROUND THE WORLD

- ▼ CDP is a global organization, with **regional offices** and local partners **spanning 50 countries**.
- ▼ CDP has regional offices in:
 - ▼ the UK with 370+ employees
 - ▼ Europe with 100+ employees
 - ▼ North America & Latin America with 160+ employees; and
 - ▼ Japan, India, China, Indonesia, South-East Asia & Oceania (SEA + OC), Thailand, Hong Kong & Singapore with 90+ employees.



THE CDP SYSTEM: LINKING FINANCE AND BUSINESS TO REDUCE RISKS



HOW WE WORK: THE STAKEHOLDERS



740+ financial institutions with US\$130 trillion in assets



330+ members of CDP's Supply Chain program



18,700+ companies disclosed through CDP in 2022



1,200+ cities, states and regions disclosed through CDP in 2022

CDP HAS MAINSTREAMED ENVIRONMENTAL TRANSPARENCY



58%

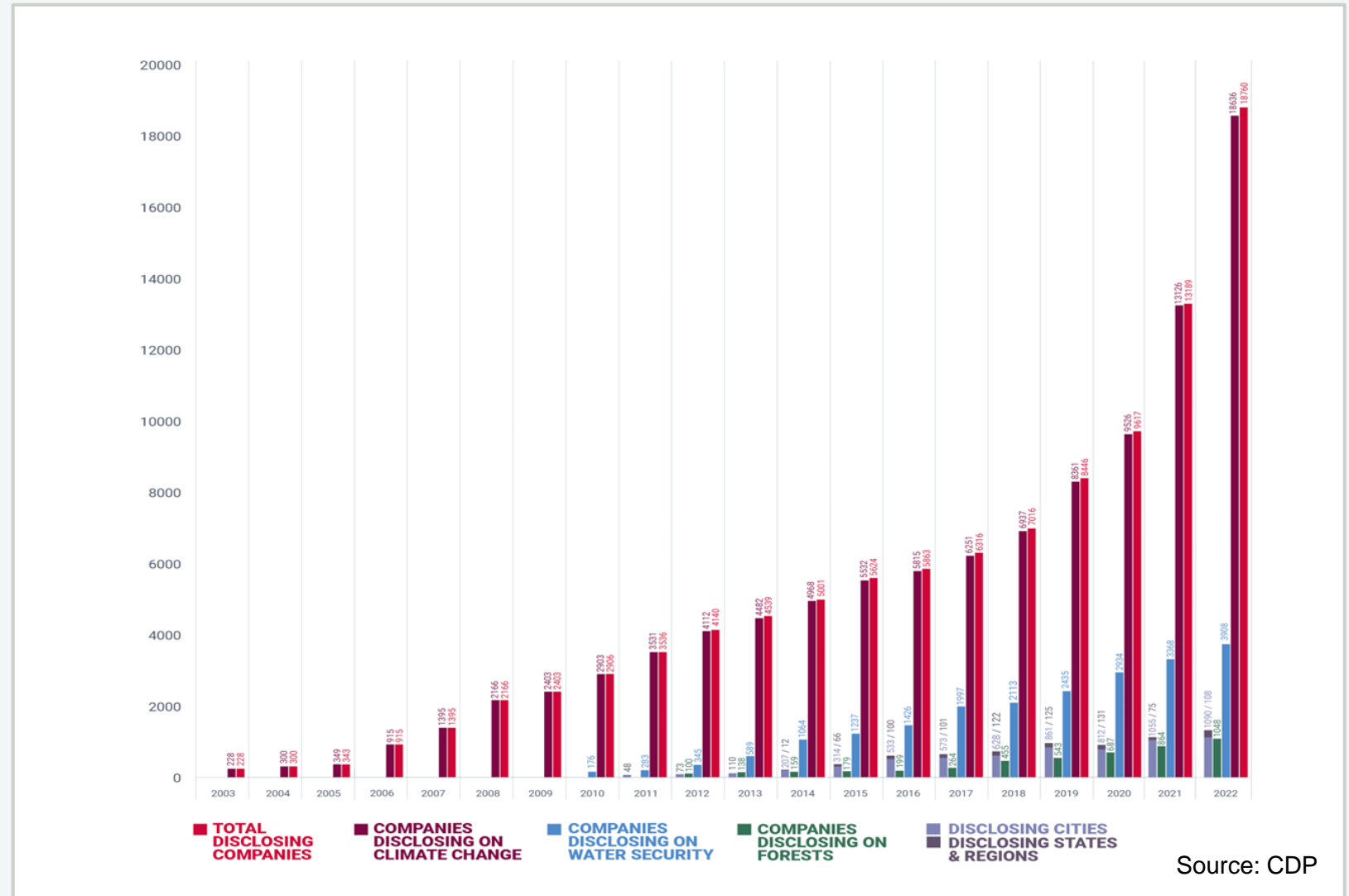
of Global companies by market capitalization use CDP.

72%

of European companies by market capitalization use CDP

18,000+

Companies reporting to investors and customers through CDP in 2022



Source: CDP

CLIMATE-WATER-FORESTS NEXUS

Water is an essential component of **mitigation** and **adaptation** strategies



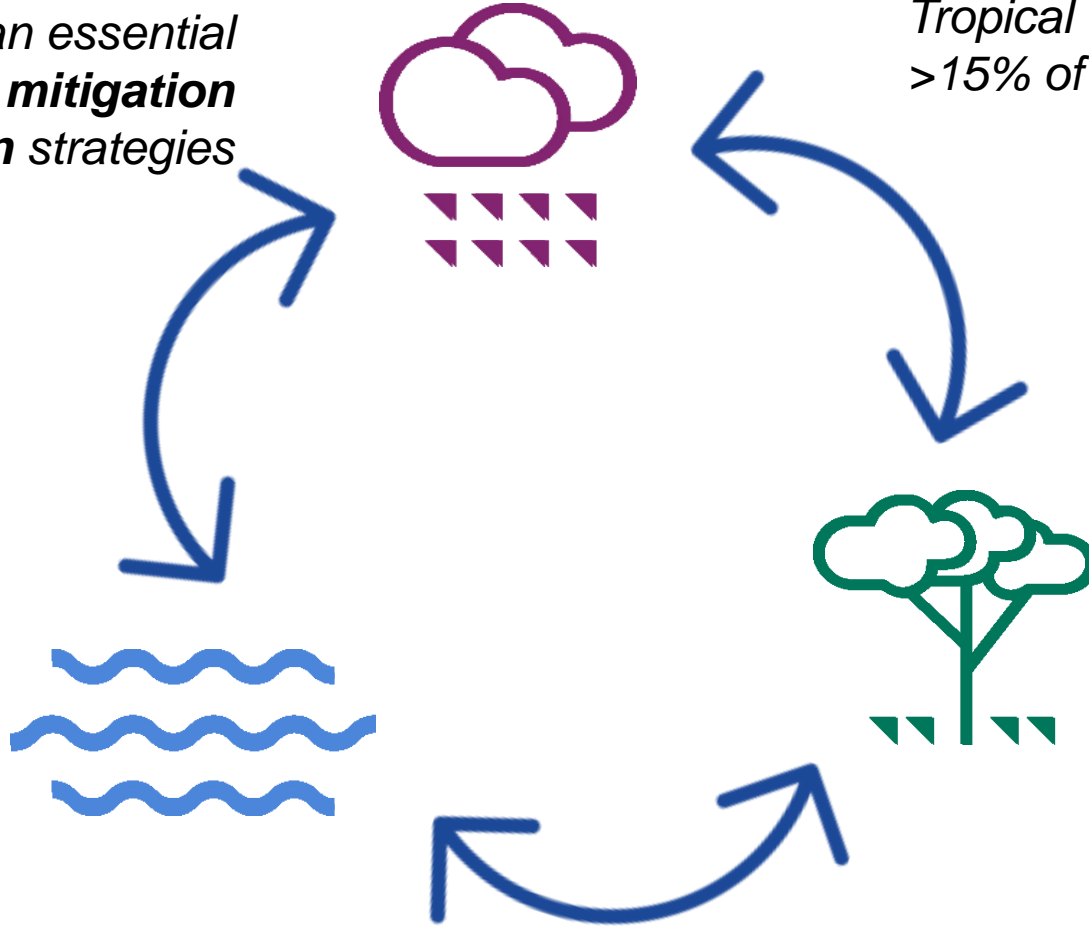
Tropical forests can provide >15% of **mitigation** needed

Rising temperatures and changing weather patterns increase stress on water availability



Droughts resulting from rising temperatures and changes in weather patterns increase the risks of **forests fires**

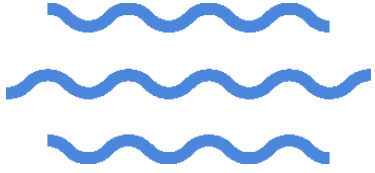
75% of **global freshwater** depends on forests



Climate



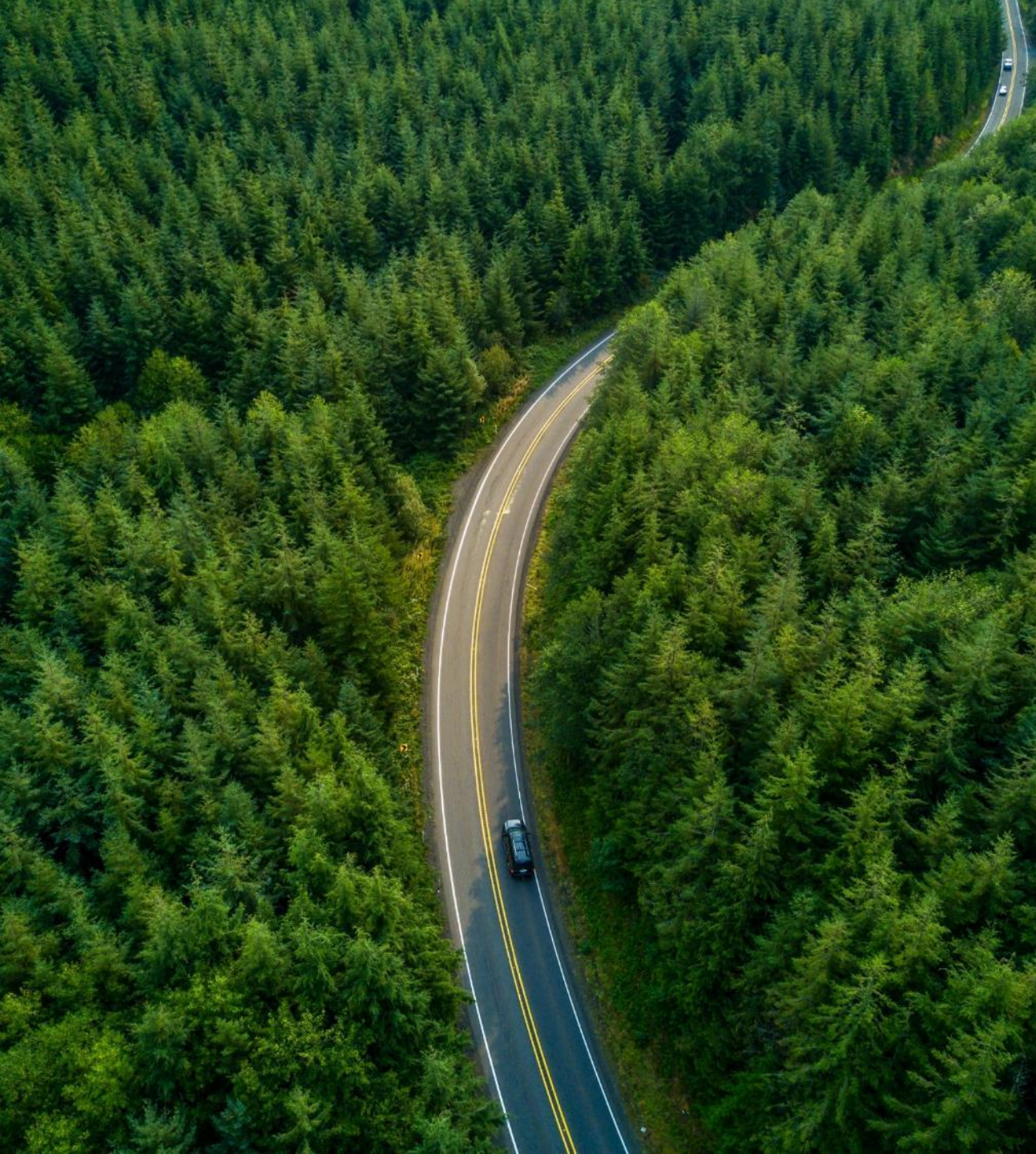
- ▼ Corporate disclosure on climate change is an established business norm with over **18,700+** companies disclosing on their climate change impact in 2022.
- ▼ CDP's Climate Change questionnaire is fully aligned with the TCFD recommendations
- ▼ From 2024, the International Sustainability Standard Board (ISSB) climate-related disclosure standard and the European Sustainability Reporting Standards (ESRS) will be incorporated.
- ▼ From 2022, this questionnaire includes a module on Biodiversity



Water

- ▼ **3,909** companies disclosed water-related data through CDP in 2022, a **16%** increase from 2021.
- ▼ Companies reported potential financial impacts of **US\$392** billion from water risks through CDP in 2022.
- ▼ Meanwhile, global brands report water-related opportunities worth **US\$436 billion**.
- ▼ For the first time, in 2023 companies can disclose on plastics through CDP's water security questionnaire.





Forests



- ▼ **865** companies disclosed on forest impact in 2021, representing a **26%** increase from the previous year
- ▼ In 2021 companies disclosed over **US\$79.2 billion** of forest-related risks; the cost of responding to identified risks by **267** companies was **US\$6.7 billion**.
- ▼ CDP's Forests questionnaire is aligned with the Accountability Framework, helping companies to meet the expectations of their buyers, investors, and other stakeholders.

CDP CORPORATE QUESTIONNAIRES



Climate Change

- ▼ Climate-related risks & opportunities
- ▼ GHG emissions and energy data
- ▼ Near and long-term climate targets
- ▼ Biodiversity and transition planning



Water Security

- ▼ Water intensive sector targeted
- ▼ Water dependence and management
- ▼ Facility-level water accounting
- ▼ Assessment of water-related risks & opportunities
- ▼ Plastics disclosure



Forests

- ▼ 4 forest risk commodities:
 Timber  Palm Oil  Soy  Cattle
- ▼ 3 additional commodities: rubber, cocoa, coffee
- ▼ Plans to phase out deforestation from direct operations and supply chains

THE EVOLUTION OF CDP



Integrated the recommendations into the disclosure platform.



Moved to sector-based disclosure.



A robust reporting platform for companies and cities disclosure.



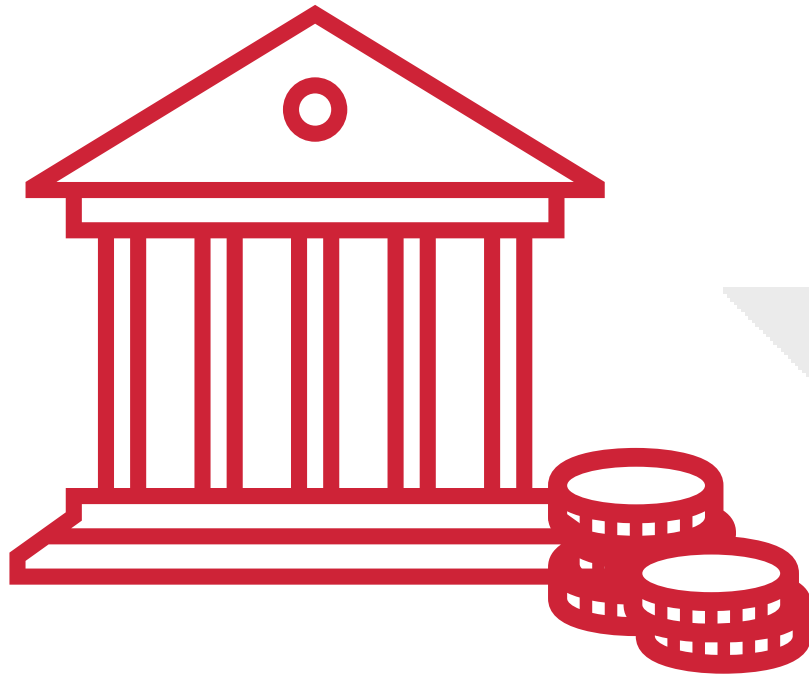
More forward-looking metrics to assess how companies are planning for the transition to a sustainable economy.



Greater alignment across climate change, deforestation and water security.

STRENGTHEN YOUR STAKEHOLDER COMMUNICATION





740+ financial institutions

with US\$130 trillion in assets request information on climate change, forests or water security.

CDP

IN THE ESG ECOSYSTEM



Bloomberg



NIKKEI

MSCI
ESG Research



S&P Global



STOXX



URGENTEM!



Dow Jones
Sustainability Indexes



Climetrics
The Climate Rating for Funds



ACT | ASSESSING LOW CARBON TRANSITION®



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



CAPITAL MARKET USE OF CDP DATA INDICES



- ▼ **STOXX Low Carbon Indices** – selection based on CDP scope 1 and scope 2 emission data. Inclusion criteria – publicly disclosing emissions data to CDP.
- ▼ **Invesco Global Climate Alignment Index** – selection based on CDP Climate Change score of B or higher
- ▼ **Euronext CDP Water Eurozone EW** – Includes 50 best stocks in the Eurozone 300, based on CDP Water Security score



CAPITAL MARKET USE OF CDP DATA

INVESTMENT FUNDS



- ▼ **Amundi's Climate Action Fund** – Collaboration between CDP and Amundi.
Inclusion criteria – CDP score of 'A' or 'B'

- ▼ **Aviva's Climate Transition Global Equity Fund** – Companies from transition risk sectors are only included in cases where the CDP Climate Change score is 'B', or above

CAPITAL MARKET USE OF CDP DATA

ESG RATINGS



Climetrics – the climate rating for funds

- ▼ World's first and only independent **environmental rating for investment funds**.
- ▼ Evaluates investment funds support the transition to a lower carbon, climate-resilient economy.
- ▼ Scoring the environmental impact of fund's portfolio holdings, investment policy, and governance.
- ▼ Draws on climate change, water security and forests metrics from a range of sources – CDP disclosure data and scores, as well as CDP temperature ratings.

Search by fund name, keyword or click on a column to sort

Fund name	Asset manager	ISIN	Climetrics rating (1-5)
Lyxor MSCI Emerging Markets UCITS ETF Acc EUR	Amundi	FR0010429068	★★★★
UBS LFS MSCI Emerging Markets SR USD Ad	UBS	LU1048313891	★★★★
Swisscanto (LU) EF Sustainable Emerging Markets AT	Swisscanto	LU0338548034	★★★★
Swedbank Robur Global Emerging Markets	Swedbank	SE0001912924	★★★★
Robeco Sustainable Emerging Stars Equities F EUR	Robeco	LU2035182695	★★★★
RBC Funds (Lux) Emerging Markets Equity A USD C	RBC	LU0953692513	★★★★



“Between 2012 and 2016, firms that disclosed through the CDP ranked 19 percentiles better than the average firm in their ability to access capital. [...] As a result, investors are more likely to provide capital to firms that disclose through the CDP.”

The Role of CDP Disclosure to Improve Access to Capital,
Millani Research Note, October 2019

CDP & NET ZERO FINANCIAL INSTITUTIONS



DATA & ENGAGEMENT

Capital Markets Signatory data from over 4,000 companies

Banks, Private Markets & Supply Chain program

Non-Disclosure, SBTi & Say on Climate Campaigns

Capacity Building - Water, Forests, Targets & Transition Plans

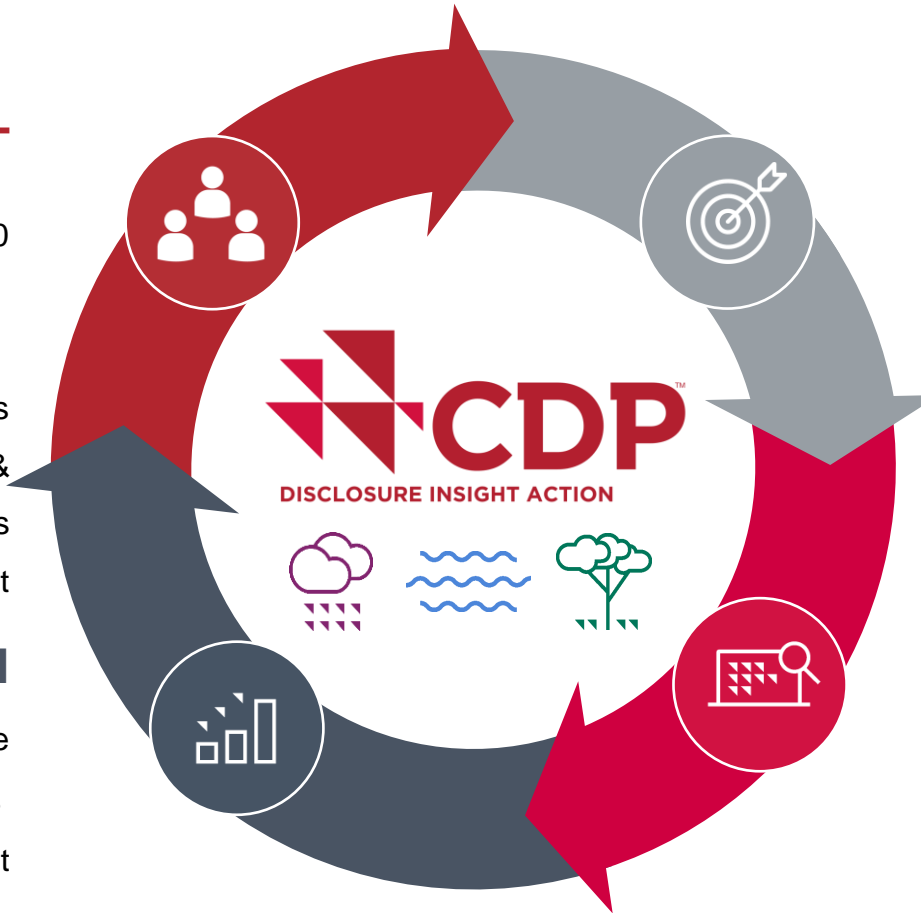
CDP Temperature Rating Dataset

REPORTING & VALIDATION

TCFD-Aligned Financial Services Questionnaire

Reporter Services

CDP Temperature Rating Dataset



TARGET SETTING

Science Based Targets for Financial Institutions

SBT Campaign

CDP Temperature Rating Dataset

PORTFOLIO ALIGNMENT & TRANSITION PLANS

CDP Temperature Rating Dataset

CDP Datasets

PCAF

GFANZ

Investor Agenda ICAPs

CDP & ACT Scores

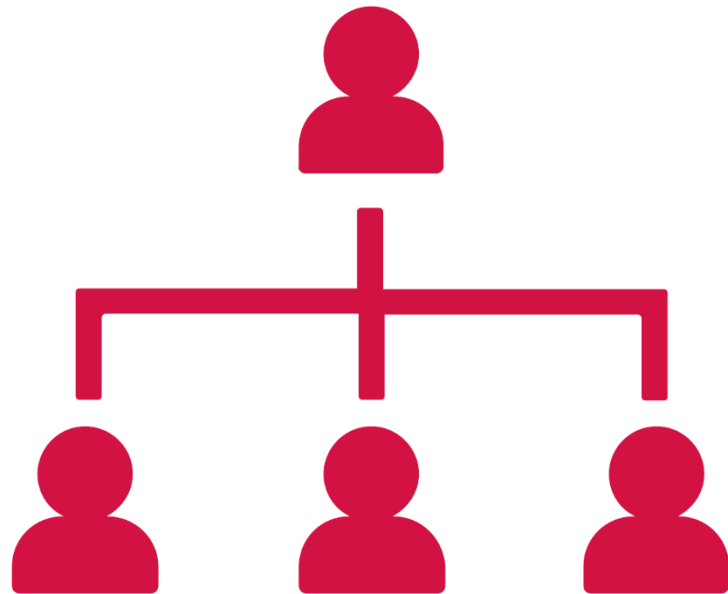
COMMUNICATION WITH INVESTORS



- ▼ Demonstrate sustainability credentials
- ▼ Assist investors with their commitments and disclosure requirements
- ▼ Bolster confidence in your business
- ▼ Improve credit rating and lower capital costs
- ▼ Secure inclusion in sustainable financial products



David Jeannet
Head of Responsible
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330+ major purchasers

representing combined purchasing power of over \$6.4 trillion request information on climate change, water or forests.

CDP Supply Chain Model

One response. Multiple stakeholders.

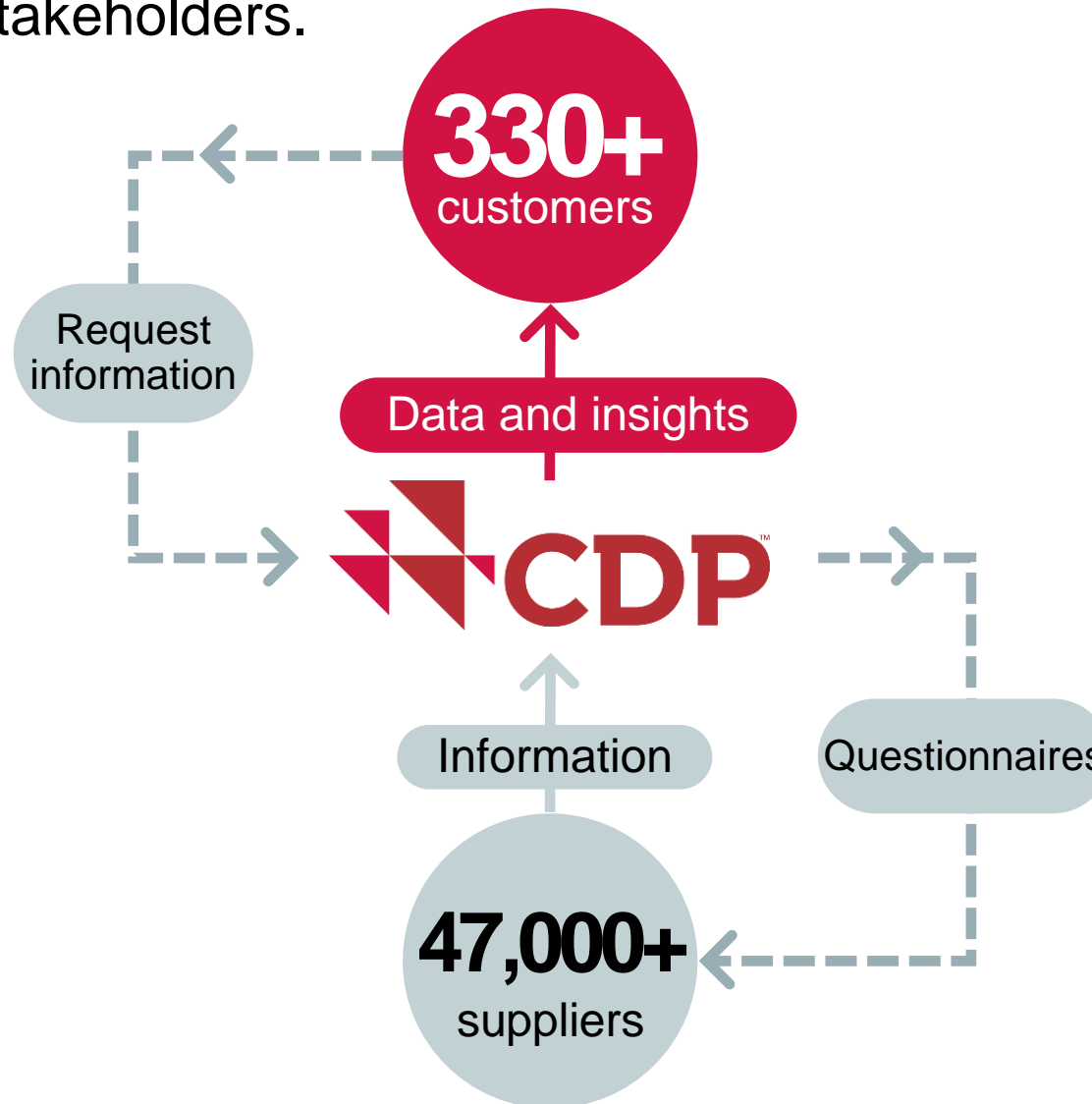


Supply Chain members (Customers)

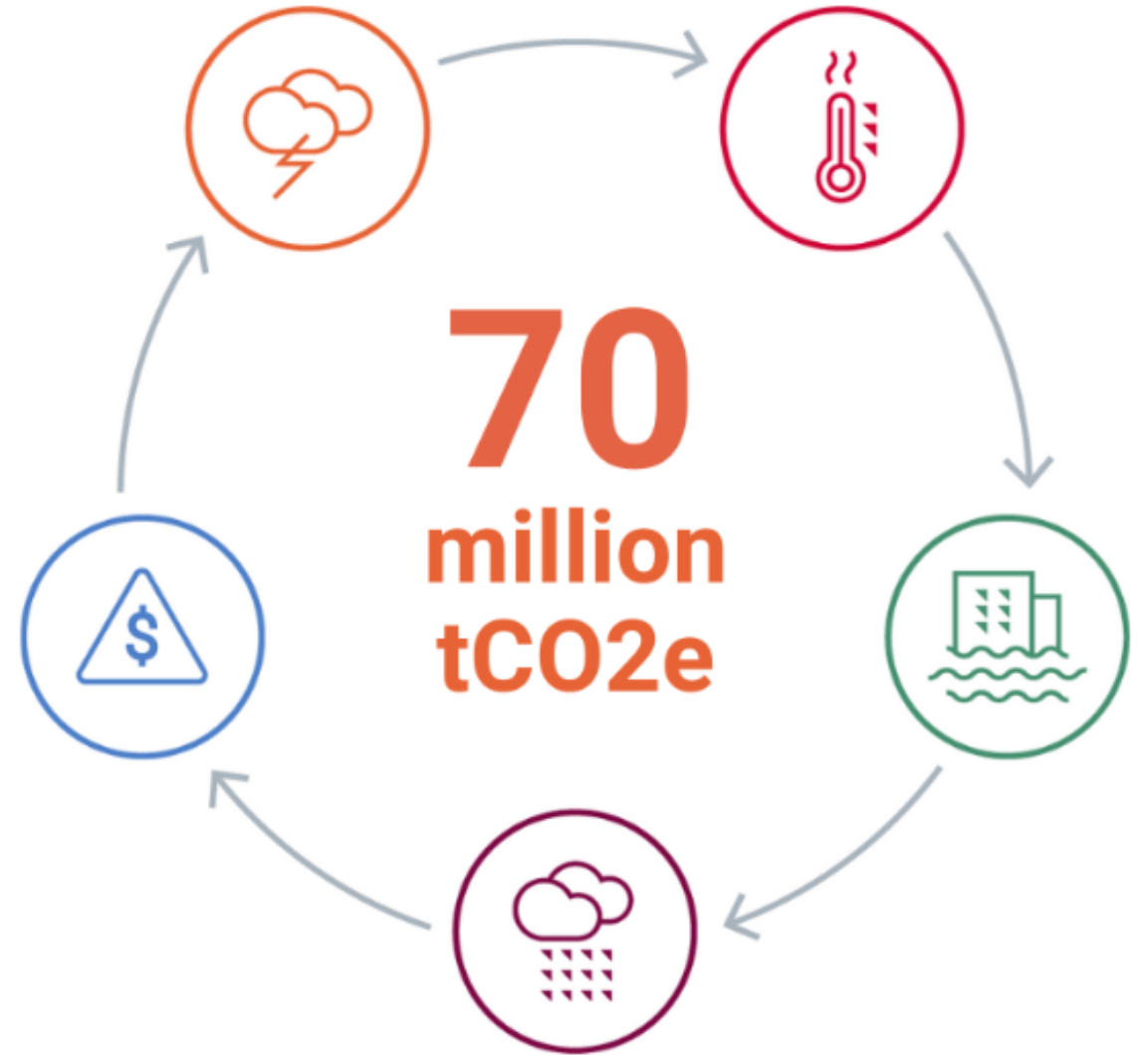
- ▼ Identify strategic suppliers
- ▼ Set expectations
- ▼ Request information
- ▼ Use data to evaluate suppliers' climate and environmental impacts,
- ▼ Track progress of internal and external sustainability goals and/or commitments.

Suppliers

- ▼ Report qualitative and quantitative information in a standardized format
- ▼ Improve their responses and calculations through feedback from Customers and scoring documents.



Suppliers reported that engagement from CDP Supply Chain members drove...

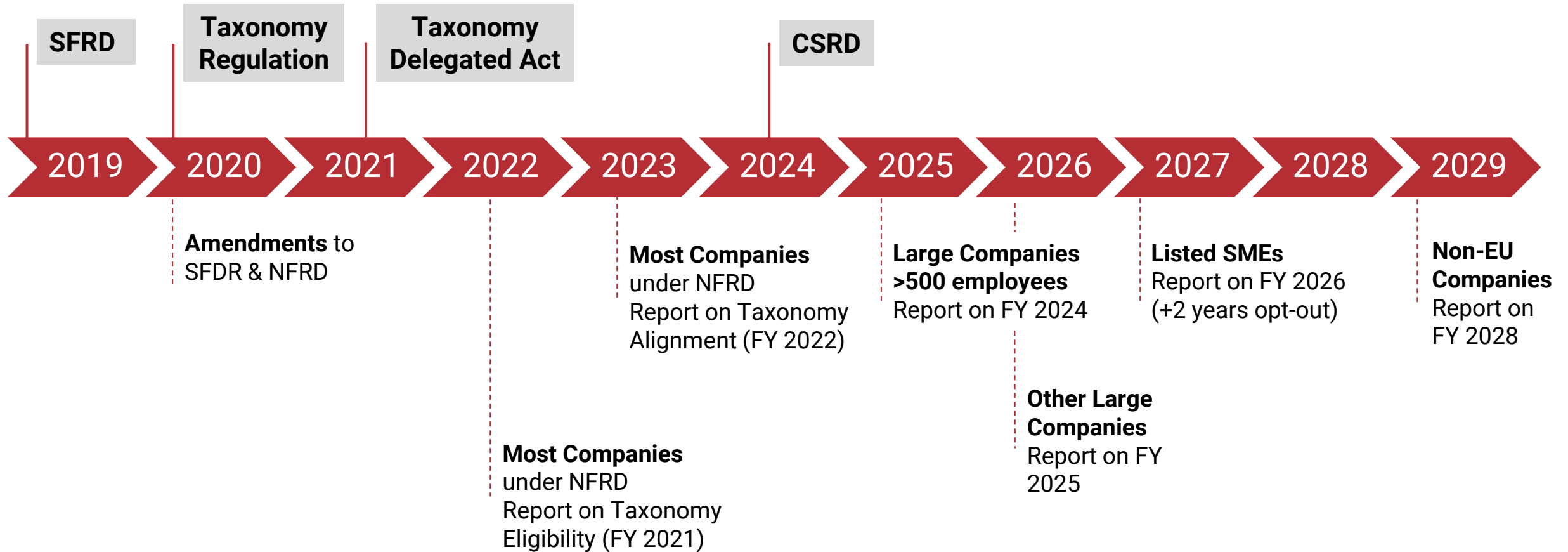


of emissions reduction initiatives

GET AHEAD OF THE CURVE ON REGULATION



EU DISCLOSURE REGIME TIMELINE



DISCLOSURE TIMELINE | CORPORATES



2022

From 1 January 2022 for **undertakings obliged under NFRD** (reporting for FY 2021 in 2022; disclosure of only partial information)

Organisations must only disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities (eligibility assessment only) in their total turnover, capital and operational expenditure together with certain qualitative information for the previous financial year.

2023

From 1 January 2023 for **undertakings obliged under NFRD** (reporting for FY 2022 in 2023)

Second part of the EU taxonomy comes into effect: in their annual report, organisations must report on the portion of the revenues that come from activities in line with the six environmental objectives. (eligibility + alignment assessment) With the environmental delegated act not present it will cover 2 of the objectives)

2026

From 1 January **2026** for **large companies** that are not presently subject to the NFRD (with more than 250 employees and/or €40 million in turnover and/or €20 million in total assets) (as defined in CSRD, with reports due in 2026 (reporting in 2026 for FY 2025))

2027

From 1 January **2027** for all **listed undertakings (including SMEs)** (as defined in CSRD), with reports due in 2027 (reporting in 2027 for FY 2026). SMEs have ability to opt-out from CSRD until 2028 and report in 2029 for FY 2028)

2029

From 1 January **2029** for **non-European companies** with branches or subsidiaries with a net turnover of EUR 150 million in the EU (as defined in CSRD) with reports due in 2029 (reporting in 2029 for FY 2028).

NFRD from FY 2017 (reporting in 2018) until the end of FY 2023 (reporting in 2024 for year 2023)

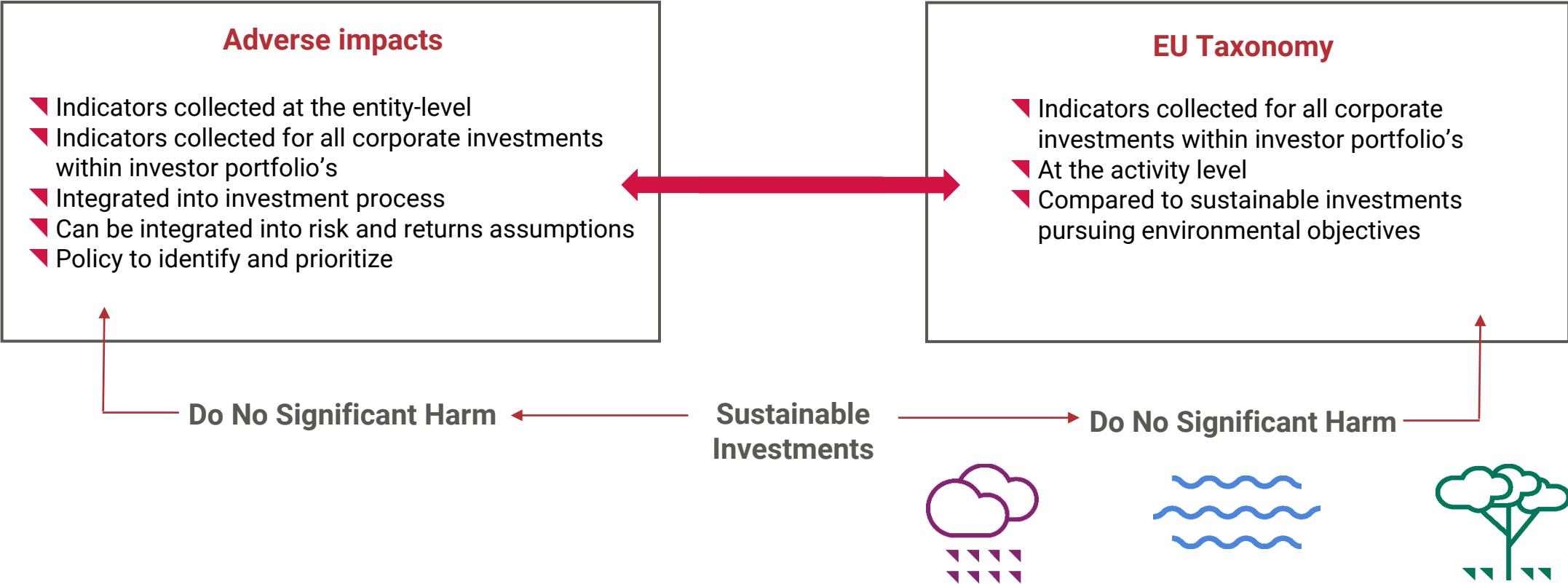
CSRD from FY 2024 (reporting starts in 2025, phased approach)

CDP Green Finance Accelerator



six climate and environmental objectives

- 1. climate change mitigation
- 2. climate change adaptation
- 3. sustainable use and protection of water and marine resources
- 4. Transition to a circular economy
- 5. pollution prevention and control
- 6. protection and restoration of biodiversity and ecosystems



CDP & EU disclosure regime: a non-exhaustive overview



Principal Adverse Impacts

Climate Change

GHG emissions

C6.1 - C6.3 - C6.5

Renewable and non-renewable energy consumption/production

C8.2a until C8.2d

Biodiversity

Activities near biodiversity sensitive areas with potential for negative impact

C15.4 - C15.4a

Water

Water consumption

W1.2b

Water sourced from areas of stress

W1.2d

Emissions to water

W1.2k – W3.1 – W3.1a

Taxonomy Compliance

Spending & Revenue aligned with taxonomy-compatible sustainable activities.

C3.5a- C3.5b - C3.5c

GUIDE YOUR ENVIRONMENTAL STRATEGY



BENEFITS OF REPORTING THROUGH CDP

**Manage Risks &
Uncover
Opportunities**



**Comprehensive
internal
assessment and
engagement
tool**



**Benchmark against
peers and track YoY
progress**



**Design your
environmental
strategy and
prioritize
actions**



**Boost your
Competitive
Advantage**



**Get Ahead of
Regulation**



YOU CAN'T MANAGE WHAT YOU DON'T MEASURE



US\$2.1 trillion in potential climate-related opportunities identified by 225 companies.



215 of the world's biggest companies identified potential financial impacts of climate risks totalling up to almost **US\$1 trillion**.



Supply chain emissions are, on average, **11.4 x** greater than operational emissions. Yet just **69%**, **39%** and **23%** of companies engage with their suppliers on deforestation, climate change and water security, respectively.



69%

responding companies agreed that protecting and improving their reputation is an important benefit of CDP disclosure



2,000+

companies requested to report CDP have committed or set targets with SBTi



330+

companies were recognized on CDP's A Lists for climate change, forests and water security in 2022

BENCHMARK AND GUIDE YOUR PROGRESS

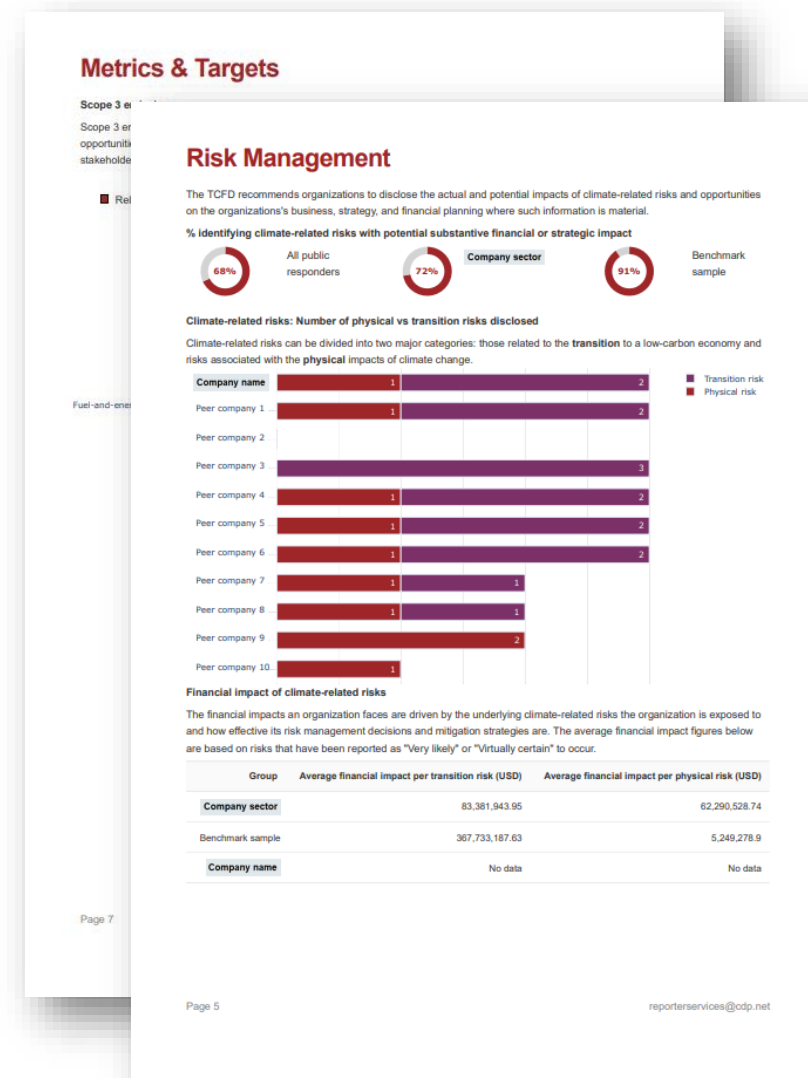


BENCHMARK AGAINST YOUR PEERS

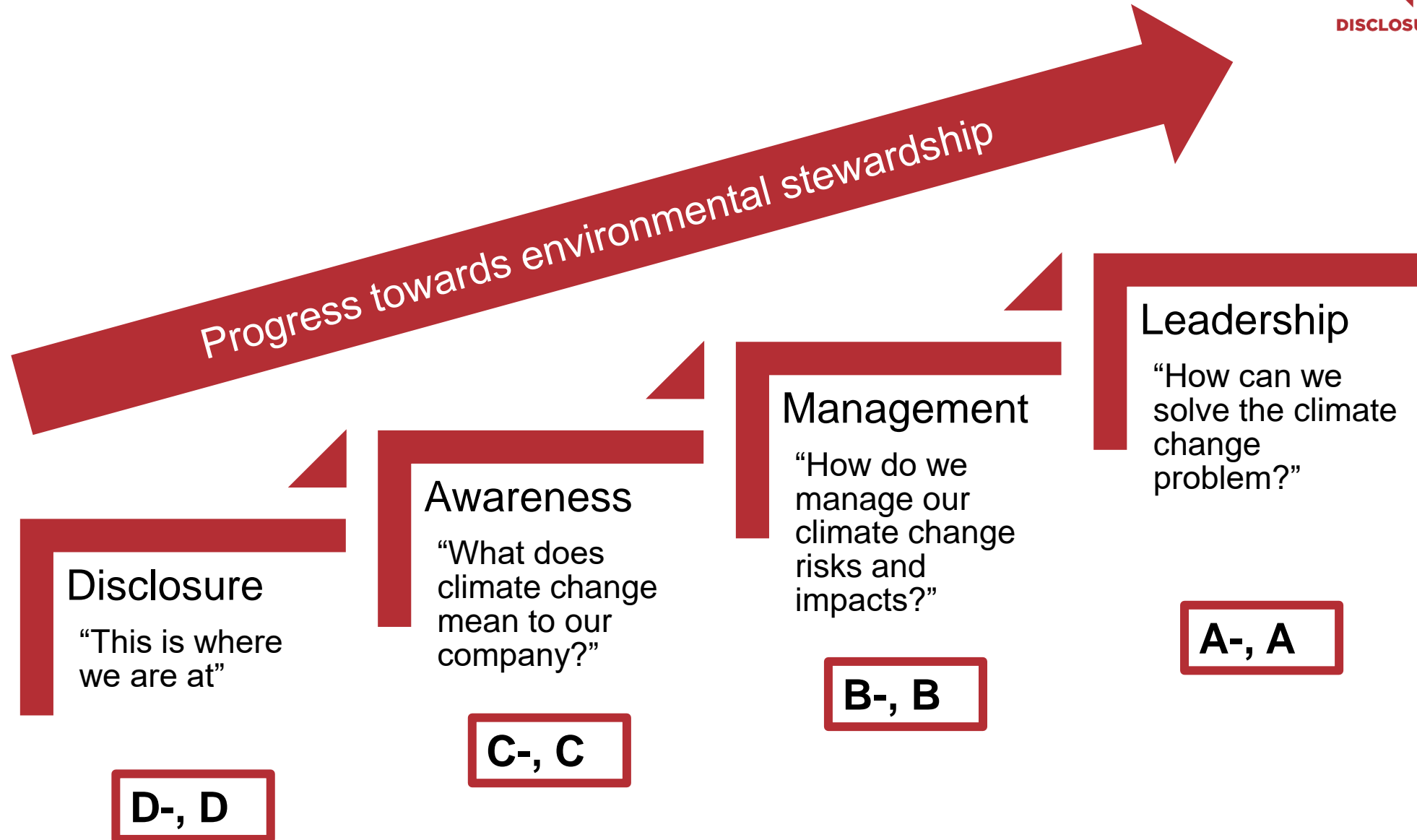


- Understand your **strengths and weaknesses** compared to your industry peers in your Score Report.
- CDP offers customized **Benchmark Reports***, an easy-to-read document that compares best practices of 10 companies of your choice on pre-defined indicators.

Available via the **enhanced admin fee or **CDP Reporter Services Program***



TRACK AND GUIDE YOUR PROGRESS



SCORING APPROACH: THRESHOLDS



- ▶ **Scores are calculated as a percentage for each level**
- ▶ **A minimum score must be achieved on one level before a company will be scored on the next level – a threshold**
- ▶ **This approach incentivises:**
 - Complete reporting
 - Action based on assessment of risks and impacts
 - Consistent progress across different areas
- ▶ **The final letter score is determined by the score achieved in the highest of the 4 levels**

JOURNEY TOWARDS ENVIRONMENTAL EXCELLENCE



STAGE 1: Early

Organizations disclose to CDP, but tend to do so in an incomplete or unverified manner

STAGE 2: Developing

Organizations are taking first steps towards action such as target-setting and environmental-risk identification.

STAGE 3: Mature

Environmental data is fully integrated into businesses' strategies with specific and detailed plans of action, and demonstrable progress.

STAGE 4: Best practice

Companies are environmental leaders with board-level oversight, science-based targets for emissions reductions and leading environmental stewardship at every level.

ENVIRONMENTAL LEADERSHIP BEST PRACTICES

THE SCIENCE BASED TARGETS INITIATIVE (SBTi)



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Science Based Targets initiative (SBTi) is a **global body** enabling businesses to set **ambitious emissions reductions** targets in line with the **latest climate science**.



Founding Partners



United Nations
Global Compact



WORLD
RESOURCES
INSTITUTE



In collaboration with

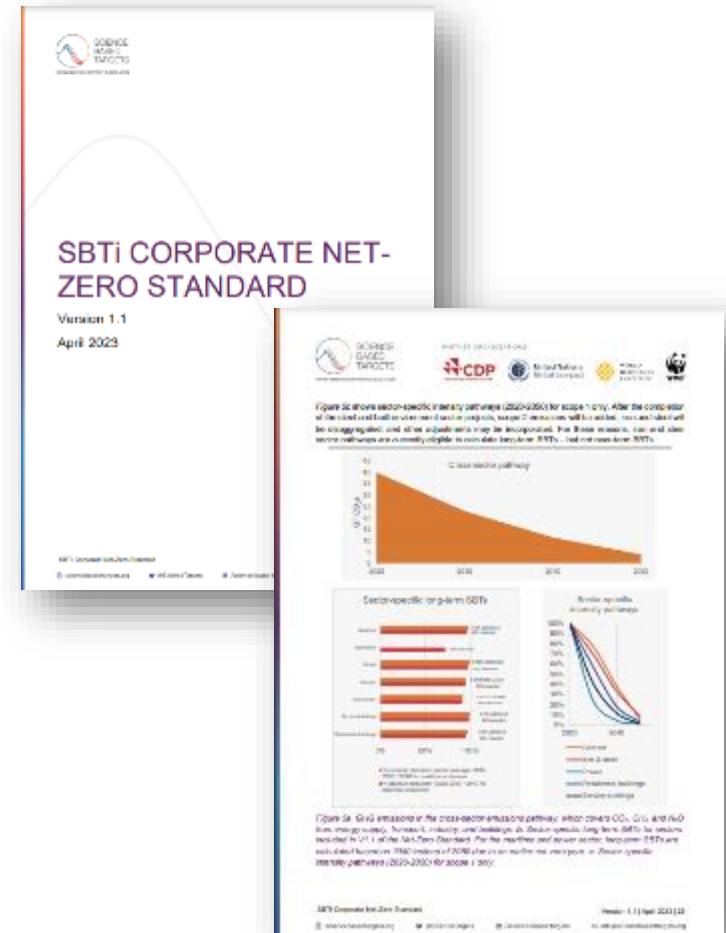


THE SBTI NET-ZERO STANDARD

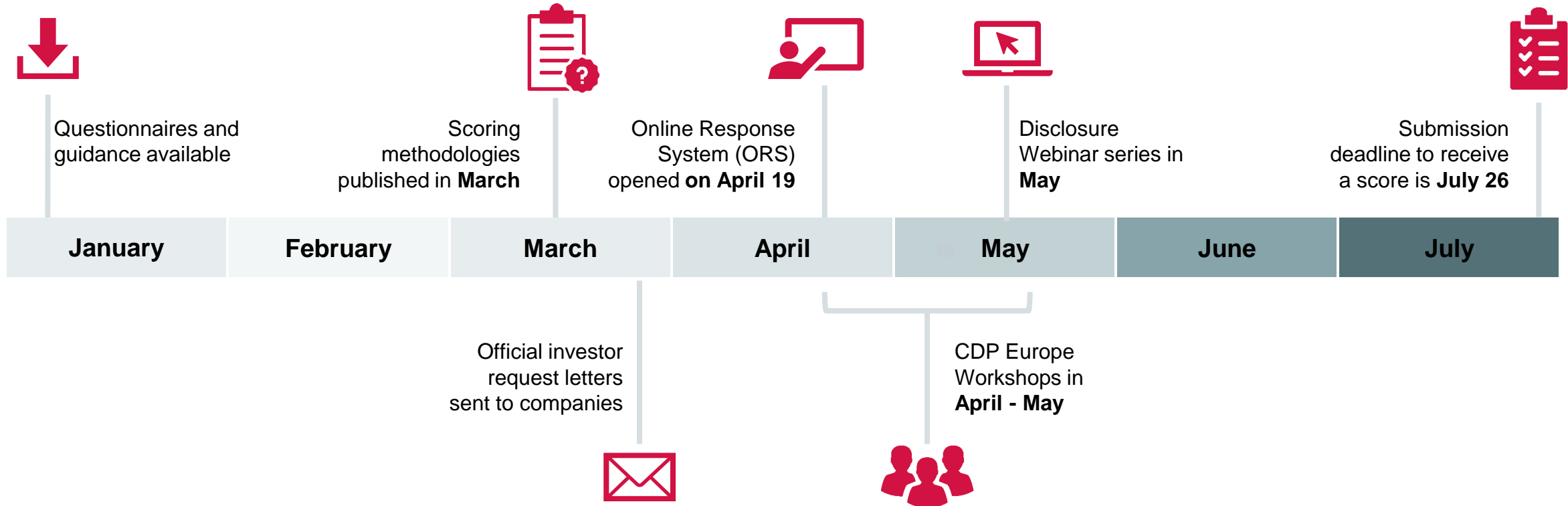
ADDRESSING LACK OF CLARITY ON DEFINITION OF 'NET ZERO'



- ▶ Corporate net-zero targets can play a critical role in addressing the climate emergency, but the **lack of a robust benchmark has triggered scepticism** around net-zero as a concept.
- ▶ Over the past 2 years, the Science Based Targets Initiative carried out a **rigorous, stakeholder-informed process** to develop a framework to enable companies to set science-based net-zero targets.
- ▶ The [SBTi Net-Zero Standard](#) was launched on October 28th, 2021
- ▶ Since January 2022 onwards , companies are able to have Net-Zero targets **independently validated** by the SBTi, thereby demonstrating to stakeholders that their near- and long-term decarbonization plans are aligned with climate science



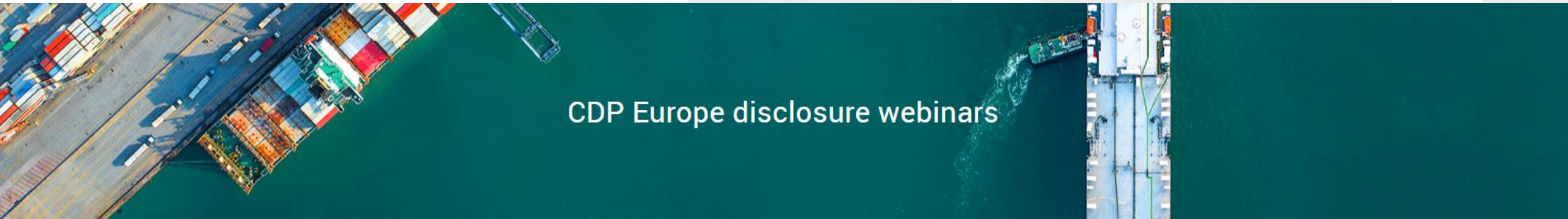
TIMELINE FOR 2023 DISCLOSURE



UPCOMING WEBINARS




- ▼ **Introduction to CDP Water Security Disclosure** - Wednesday 17 May | 15:00 CET
- ▼ **Nature & Biodiversity in Corporate and Financial Reporting** - Friday 19 May | 11:00 CET
- ▼ **Navigating EU Sustainability Reporting** - Wednesday 24 May | 11:00 CET



Register now: [Europe Corporate Disclosure Webinars 2023 - CDP](#)

KEY RESOURCES



- ▼ [Disclosure platform guide](#)
- ▼ [Guidance for companies](#) 
- ▼ 2023 Questionnaires
- ▼ Reporting Guidance 2023
- ▼ Questionnaire Changes 2022-2023
- ▼ Scoring Introduction
- ▼ Scoring Methodology 2023
- ▼ Scoring Methodology Changes 2022-2023
- ▼ Scoring Categories and Weighting 2023
- ▼ [FAQ on CDP's website](#)
- ▼ [Recordings & upcoming disclosure webinars](#)

[Home](#) > [Guidance & questionnaires](#) > Guidance for companies

Guidance for companies

Companies can disclose in response to a request from an investor, a customer, or both. This page covers the basics of the information request and shows some of the guidance that is available. CDP's full suite of guidance materials and recorded webinars can be accessed from the guidance tool after you [sign in](#). View [instructions](#) on how to use CDP's disclosure platform, including the guidance tool.




Online Response System now open for 2023

The Online Response System (ORS) is now open for 2023 corporate disclosure. Activate your questionnaire(s) using the "Get Started" button in the relevant theme block on your dashboard.

The deadline for companies to submit their questionnaires in order to be eligible for scoring is **July 26, 2023**.

Investors and customers can request information from companies through CDP's climate change, forests, and water security questionnaires. Take a look at the latest questionnaires to see what questions you will be asked to respond to.

CDP questionnaires 2023

		
Climate change Climate change questionnaire for companies disclosing to the 2023 request.	Forests Forests questionnaire for companies disclosing to the 2023 request.	Water security Water security questionnaire for companies disclosing to the 2023 request.

CDP provides guidance that explains each question in detail and describes what information to provide, the required format, and where to find tools or further information to construct your answer.

[Sign in to access additional guidance materials from the guidance tool](#)

Thank you for joining!

Questions?